

Appalachian Regional Healthcare System

**CANNON MEMORIAL
HOSPITAL**

Behavioral Health Services

Our Organization

- Three Hospitals
 - Cannon Memorial
 - Watauga Medical Center
 - Blowing Rock Hospital

Our Behavioral Health Programs

- Inpatient Behavioral Health Unit
- Outpatient Services
- Employee Assistance Program
- Internal Crisis Team

Cannon Memorial – An Overview

- Cannon Memorial Hospital
 - 25 bed Critical Access Hospital
 - 10 bed Distinct Part Unit dedicated to Inpatient Psychiatric Care
 - **The ONLY Inpatient psychiatric unit in a 40 mile radius.**
 - Total County population of approximately 18,000 with seasonal increases

Inpatient Overview

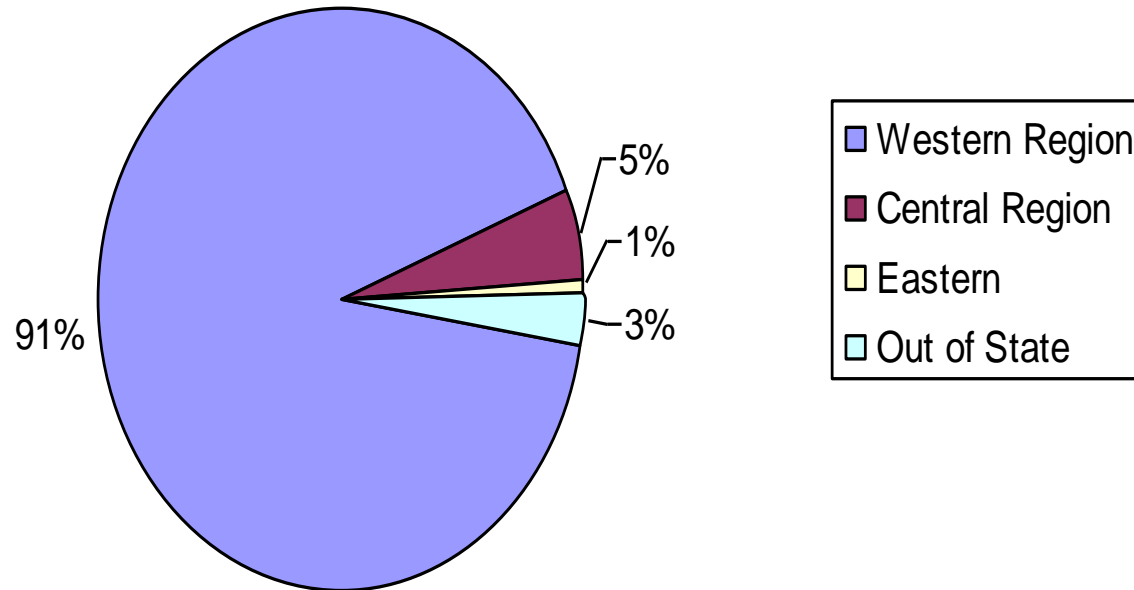
- Opened in 2008 largely due to the development of the Three Way Contract process
 - Implemented Three Way Contract with Smoky Mountain Center in October 2008
- Adult Acute Inpatient stabilization
- Primarily serve the Western Region, but accept referrals from variety of other areas.
- Average LOS of 4.7 days
- Average ADC of 8.5

Notable Facts:

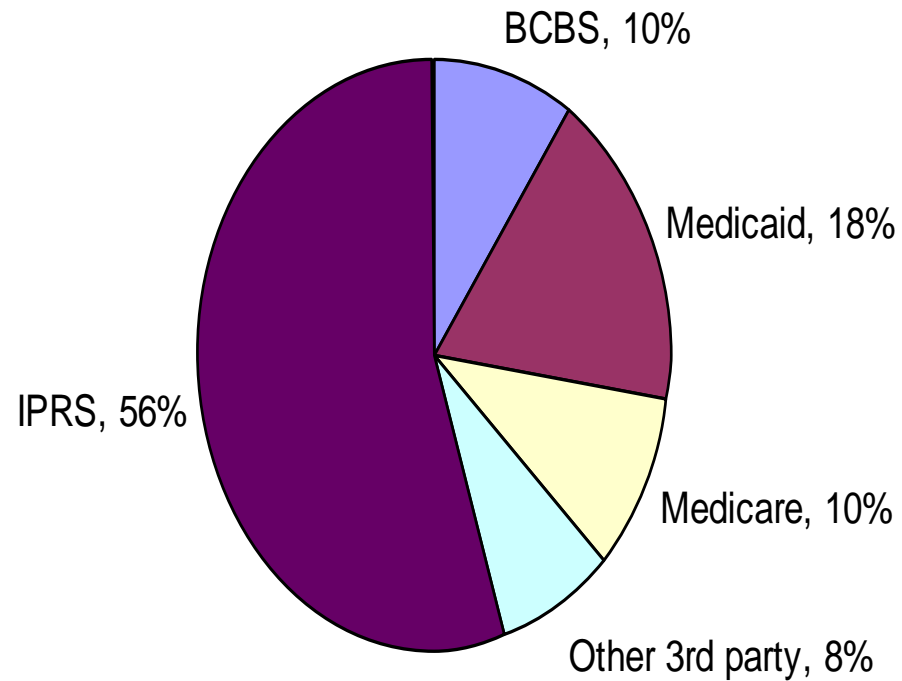
- 2400 Referrals and approximately 500 Admissions during the last 12 months.
- 56% of the people served classified as “indigent”.
- 80% involuntarily committed

Admissions By Region

2011 - 2012



Payor Mix 2011 - 2012



Benefits of Three Way Contract Concept

- Improved and increased access to care
 - Over **2,000 consumers** served in our 10 bed unit since 2008
 - **96%** patient / family satisfaction rate
- Stronger discharge planning process
 - Reduction in readmission, recidivism, and utilization of the State Hospital
- Shorter LOS and thus less impact to local Emergency Departments
 - Internal Crisis Team partnered with IP unit to reduce average ED LOS for BH consumers from 24 hours in 2010 to **less than 5 hours now.**
 - **76% reduction** in the use of Law Enforcement time in Avery and Watauga Counties

Challenges

- Ineffective / inconsistent communication
 - Lack of legitimate “three way” involvement
- Delayed payment processes
 - At one point waited over 7 months to receive payment for services rendered.
- Inconsistent application of contracts across LME's

Inefficiencies and the Impact to the Hospital System

- Hospital System typically posts an average of \$11,000,000 in cash each month in payments
- 15% of the total billing staff has been dedicated to working only Behavioral Health claims
 - The result of that level of dedication is an average cash receipt of \$24,000
- **15% of the FTE dedication to receive less than 0.3% of cash collections per month.**
- The financial situation is as bad or worse at other rural hospitals in the State.
- As the implications of National Healthcare Reform are evaluated and decreases in reimbursements anticipated, Hospital leaders naturally reconsider the viability of Behavioral Health service lines.

Recommended Action Plan

- **DIRECT** communication between Hospitals and State leaders responsible for managing the Three Way contracts
- **DIRECT** claims submission between Hospitals and the State
- **DIRECT** and timely payment from the State to Hospitals
 - Authorizations for service can continue to be granted via the LME / MCO